



1997 SENATE BILL 144

April 2, 1997 - Introduced by Senators C. POTTER, GROBSCHMIDT, WIRCH and RISSER, cosponsored by Representatives BOYLE, MUSSER, GRONEMUS, LA FAVE and PLALE. Referred to Committee on Economic Development, Housing and Government Operations.

1 **AN ACT to amend** 40.05 (4) (b) and 40.05 (4) (bm) of the statutes; **relating to:** the
2 valuation of a state employe's accumulated sick leave credits for the payment
3 of health insurance premiums under a group health insurance program
4 administered by the group insurance board.

Analysis by the Legislative Reference Bureau

Under current law, with certain exceptions, if a state employe who is eligible for coverage under the state group health insurance program terminates employment in a position that is covered under the Wisconsin retirement system (WRS) and has attained the minimum age to begin receiving a retirement benefit under WRS, or if a state employe who is eligible for coverage under the state group health insurance program is laid off, the employe's accumulated unused sick leave may be converted, at his or her basic pay rate immediately prior to termination, to credits for the payment of health insurance premiums under the state plan during the employe's retirement or period of layoff.

Under rules promulgated by the department of employe trust funds, any supplementary compensation that is paid to a state employe for the employe's completion of educational courses that have been approved by the employe's employer is not considered as part of the employe's basic pay for the purposes of the sick leave conversion program described above.

This bill provides that such supplementary compensation paid to a state employe is to be considered as part of a state employe's basic pay for those purposes.

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For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 40.05 (4) (b) of the statutes, as affected by 1995 Wisconsin Act 27,
2 is amended to read:

3 40.05 (4) (b) Except as provided under pars. (bc) and (bp), accumulated unused
4 sick leave under ss. 13.121 (4), 36.30, 230.35 (2), 233.10 and 757.02 (5) and subch.
5 I or V of ch. 111 of any eligible employe shall, at the time of death, upon qualifying
6 for an immediate annuity or for a lump sum payment under s. 40.25 (1) or upon
7 termination of creditable service and qualifying as an eligible employe under s. 40.02
8 (25) (b) 6. or 10., be converted, at the employe's current basic pay rate, to credits for
9 payment of health insurance premiums on behalf of the employe or the employe's
10 surviving insured dependents. Any supplemental compensation that is paid to a
11 state employe for the employe's completion of educational courses that have been
12 approved by the employe's employer is considered as part of the employe's basic pay
13 for purposes of this paragraph. The full premium for any eligible employe who is
14 insured at the time of retirement, or for the surviving insured dependents of an
15 eligible employe who is deceased, shall be deducted from the credits until the credits
16 are exhausted and paid from the account under s. 40.04 (10), and then deducted from
17 annuity payments, if the annuity is sufficient. The department shall provide for the
18 direct payment of premiums by the insured to the insurer if the premium to be
19 withheld exceeds the annuity payment. Except as provided in par. (bd), upon
20 conversion of an employe's unused sick leave to credits under this paragraph or par.
21 (bf), the employe or, if the employe is deceased, the employe's surviving insured

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1 dependents may elect to delay initiation of deductions from those credits for up to 10
2 years after the date of the conversion if the employe or surviving insured dependents
3 are covered by a comparable health insurance plan or policy during the period
4 beginning on the date of the conversion and ending on the last day of the 2nd month
5 after the date on which the employe or surviving insured dependents later elect to
6 initiate deductions from those credits. A health insurance plan or policy is
7 considered comparable if it provides hospital and medical benefits that are
8 substantially equivalent to the standard health insurance plan established under s.
9 40.52 (1).

10 **SECTION 2.** 40.05 (4) (bm) of the statutes is amended to read:

11 40.05 (4) (bm) Except as provided under par. (bp), accumulated unused sick
12 leave under ss. 36.30 and 230.35 (2) or 233.10 of any eligible employe shall, upon
13 request of the employe at the time the employe is subject to layoff under s. 40.02 (40),
14 be converted at the employe's current basic pay rate to credits for payment of health
15 insurance premiums on behalf of the employe. Any supplemental compensation that
16 is paid to a state employe for the employe's completion of educational courses that
17 have been approved by the employe's employer is considered as part of the employe's
18 basic pay for purposes of this paragraph. The full amount of the required employe
19 contribution for any eligible employe who is insured at the time of the layoff shall be
20 deducted from the credits until the credits are exhausted, the employe is reemployed,
21 or 5 years have elapsed from the date of layoff, whichever occurs first.

22 **SECTION 3. Initial applicability.**

23 (1) This act first applies to participants in the Wisconsin retirement system
24 who apply for the conversion of unused sick leave credits for the payment of health

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SECTION 3

1 insurance premiums under section 40.05 (4) (b) and (bm) of the statutes on the
2 effective date of this subsection.

3 **SECTION 4. Effective date.**

4 (1) This act takes effect on July 1, 1997, or on the day after publication,
5 whichever is later.

6 (END)